

CITY OF GREENFIELD, IOWA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED JUNE 30, 2010

CITY OF GREENFIELD, IOWA

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CITY OF GREENFIELD, IOWA

**OFFICIALS AND BOND COVERAGE
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

Name	Title	Term Expires	Bond Coverage
Randy Standley	Mayor	12/31/2011	\$ 10,000
Kevin Hall	Council Member	12/31/2013	10,000
Debra Houghtaling	Council Member	12/31/2013	10,000
Ron Smith	Council Member	12/31/2013	10,000
Lynn Harris	Council Member	12/31/2011	10,000
Carol Woosley	Council Member	12/31/2011	10,000
Phil Cannon	Utility Trustee	12/31/2016	10,000
Richard Kohler	Utility Trustee	12/31/2014	10,000
Lynne Don Carlos	Utility Trustee	12/31/2012	10,000
Dick Kuhl	Library Trustee	7/1/2014	10,000
Linda Kintigh	Library Trustee	7/1/2014	10,000
Larry Means	Library Trustee	7/1/2014	10,000
Roleen Chiles	Library Trustee	7/1/2013	10,000
Rana Glade	Library Trustee	7/1/2013	10,000
Marilyn Nickel	Library Trustee	7/1/2013	10,000
George Pierce	Library Trustee	7/1/2013	10,000
Rebecca Haase	City Clerk/Treasurer	Indefinite	40,000
Twyla Faust	City Deputy Clerk	Indefinite	40,000
Duane Armstead	Utility General Manager	Indefinite	40,000
Lorraine Schneider	Co-Head Librarian	Indefinite	10,000
Lynn Heinbuch	Co-Head Librarian	Indefinite	10,000

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INDEPENDENT AUDITORS' REPORT

City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Greenfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010, on our consideration of the City of Greenfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Budgetary Comparisons on pages 20 and 21 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of Greenfield has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenfield's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2009, which are not presented herein, and expressed unqualified opinions on those financial statements. Other supplemental information on pages 22 through 27 is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By 
Certified Public Accountant

November 5, 2010

FINANCIAL STATEMENTS

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS:	Program Disbursements	Program Receipts			Net (Expense) Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government -					
Governmental Activities -					
Public Safety	\$ 192,716	\$ -	\$ 47,203	\$ -	\$ (145,513)
Public Works	773,472	35,074	197,490	-	(540,908)
Culture and Recreation	91,051	-	-	-	(91,051)
Community and Economic Development	15,009	31,566	-	-	16,557
General Government	341,092	5,358	-	-	(335,734)
Debt Service	230,000	-	-	-	(230,000)
Capital Projects	88,147	-	-	-	(88,147)
Total Governmental Activities	1,731,487	71,998	244,693	-	(1,414,796)
Business Type Activities - Sewer	116,467	211,168	-	-	94,701
Total of Primary Government	<u>\$ 1,847,954</u>	<u>\$ 283,166</u>	<u>\$ 244,693</u>	<u>\$ -</u>	<u>\$ (1,320,095)</u>
Components -					
Governmental Activities -					
Library	\$ 122,113	\$ 1,549	\$ 19,486	\$ -	\$ (101,078)
Business Type Activities -					
Water	1,009,589	514,488	-	-	(495,101)
Electric	3,692,649	3,570,384	-	-	(122,265)
Total of Components	<u>\$ 4,824,351</u>	<u>\$ 4,086,421</u>	<u>\$ 19,486</u>	<u>\$ -</u>	<u>\$ (718,444)</u>

(Continued)

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

	Primary Government			Total of Components
	Governmental Activities	Business Type Activities	Total Primary Government	
CHANGES IN NET ASSETS:				
Net (Expense) Revenue from Function Programs (Continued from Previous Page)	\$ (1,414,796)	\$ 94,701	\$ (1,320,095)	\$ (718,444)
General Receipts -				
Property Taxes Levied for -				
General Purposes	368,337	-	368,337	-
Employee Benefits	194,347	-	194,347	-
Tax Increment Financing	287,602	-	287,602	-
Debt Service	660	-	660	-
Local Option Sales and Other City Tax	149,798	-	149,798	-
Use of Money (Interest) and Property	39,938	16,884	56,822	32,127
Special Assessments	24,083	-	24,083	-
Miscellaneous	21,841	-	21,841	57,799
Remitted Sewer Fees - Net	-	-	-	12,330
Operating Transfers (To) From	(128,308)	-	(128,308)	128,308
Contributions-in-aid-of construction	-	-	-	367,077
Contribution - Water Utilities Debt	46,955	-	46,955	367,077
Sale of Assets	10,000	-	10,000	54
Proceeds of Debt	-	-	-	1,222,085
Payment to City from Electric	113,000	-	113,000	(113,000)
Payment to City from Water	3,000	-	3,000	(3,000)
Total General Receipts and Transfers	<u>1,131,253</u>	<u>16,884</u>	<u>1,148,137</u>	<u>2,070,857</u>
Change in Cash Basis Net Assets	(283,543)	111,585	(171,958)	1,352,413
Cash Basis Net Assets - Beginning of Year	1,720,068	1,865,707	3,585,775	1,731,701
Cash Basis Net Assets - End of Year	<u>\$ 1,436,525</u>	<u>\$ 1,977,292</u>	<u>\$ 3,413,817</u>	<u>\$ 3,084,114</u>
CASH BASIS NET ASSETS:				
Restricted for -				
Road Use Tax Fund Activity	\$ 183,113	\$ -	\$ 183,113	\$ -
Employee Benefits Fund Activity	17,620	-	17,620	-
Local Option Tax Fund Activity	65,552	-	65,552	-
T I F Fund Activity	73,252	-	73,252	-
Debt Service Fund Activity	581,861	-	581,861	586,056
Unrestricted	515,127	1,977,292	2,492,419	2,130,981
Total Cash Basis Net Assets	<u>\$ 1,436,525</u>	<u>\$ 1,977,292</u>	<u>\$ 3,413,817</u>	<u>\$ 2,717,037</u>

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

	General	Special Revenue			
		Road Use Tax	Employee Benefit	Local Option Tax	TIF
RECEIPTS:					
Property/Other Allocated Taxes	\$ 368,337	\$ -	\$ 194,347	\$ -	\$ 287,602
Other City Taxes	4,647	-	2,452	142,691	-
Licenses and Permits	4,963	-	-	-	-
Use of Money (Interest) and Property	39,938	-	-	-	-
Intergovernmental	47,203	197,490	-	-	-
Charges for Services	67,035	-	-	-	-
Special Assessments	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	21,841	-	-	-	-
Total Receipts	553,964	197,490	196,799	142,691	287,602
DISBURSEMENTS:					
Operating -					
Public Safety	173,509	-	19,207	-	-
Public Works	142,321	571,054	6,997	-	-
Culture and Recreation	87,019	-	4,032	-	-
Community Economic Development	15,009	-	-	-	-
General Government	333,949	-	7,143	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Disbursements	751,807	571,054	37,379	-	-
Excess (Deficiency) of Receipts over Disbursements	(197,843)	(373,564)	159,420	142,691	287,602
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	113,000	-	-	-	-
Payment from Water to City	3,000	-	-	-	-
Contribution-Water Utilities Debt	-	-	-	-	-
Sale of Assets	10,000	-	-	-	-
Transfers In	158,701	300,000	-	-	-
Transfers Out	(128,308)	-	(158,701)	(150,000)	(521,247)
Total Other Financing Sources (Uses)	156,393	300,000	(158,701)	(150,000)	(521,247)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) over Disbursements	(41,450)	(73,564)	719	(7,309)	(233,645)
Cash Balances - Beginning of Year	556,577	256,677	16,901	72,861	306,897
Cash Balances - End of Year	\$ 515,127	\$ 183,113	\$ 17,620	\$ 65,552	\$ 73,252
CASH BASIS FUND BALANCES:					
Unreserved	\$ 515,127	\$ 183,113	\$ 17,620	\$ 65,552	\$ 73,252
Total Cash Basis Fund Balances	\$ 515,127	\$ 183,113	\$ 17,620	\$ 65,552	\$ 73,252

(Continue Across)

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

	Debt Service	Capital Projects	Primary Government Total	Component Library	Governmental Funds Totals
RECEIPTS:					
Property/Other Taxes	\$ 660	\$ -	\$ 850,946	\$ -	\$ 850,946
Other City Taxes	8	-	149,798	-	149,798
Licenses and Permits	-	-	4,963	-	4,963
Use of Money (Interest) and Property	-	-	39,938	586	40,524
Intergovernmental	-	-	244,693	10,698	255,391
Charges for Services	-	-	67,035	1,549	68,584
Special Assessments	24,083	-	24,083	-	24,083
Donations	-	-	-	8,788	8,788
Miscellaneous	-	-	21,841	50	21,891
Total Receipts	24,751	-	1,403,297	21,671	1,424,968
DISBURSEMENTS:					
Operating -					
Public Safety	-	-	192,716	-	192,716
Public Works	-	53,100	773,472	-	773,472
Culture and Recreation	-	-	91,051	122,113	213,164
Community Economic Development	-	-	15,009	-	15,009
General Government	-	-	341,092	-	341,092
Debt Service	318,147	-	318,147	-	318,147
Total Disbursements	318,147	53,100	1,731,487	122,113	1,853,600
Excess (Deficiency) of Receipts over Disbursements	(293,396)	(53,100)	(328,190)	(100,442)	(428,632)
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	-	-	113,000	-	113,000
Payment from Water to City	-	-	3,000	-	3,000
Contribution-Water Utilities Debt	46,955	-	46,955	-	46,955
Sale of Assets	-	-	10,000	54	10,054
Transfers In	318,147	53,100	829,948	128,308	958,256
Transfers Out	-	-	(958,256)	-	(958,256)
Total Other Financing Sources (Uses)	365,102	53,100	44,647	128,362	173,009
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements (Uses)	71,706	-	(283,543)	27,920	(255,623)
Cash Balances - Beginning of Year	510,155	-	1,720,068	115,635	1,835,703
Cash Balances - End of Year	\$ 581,861	\$ -	\$ 1,436,525	\$ 143,555	\$ 1,580,080
CASH BASIS FUND BALANCES:					
Unreserved	\$ 581,861	\$ -	\$ 1,436,525	\$ 143,555	\$ 1,580,080
Total Cash Basis Fund Balances	\$ 581,861	\$ -	\$ 1,436,525	\$ 143,555	\$ 1,580,080

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

	Primary Government Sewer	Components Water	Electric	Proprietary Funds Totals
RECEIPTS:				
Use of Money (Interest) and Property	\$ 16,884	\$ 519	\$ 31,022	\$ 48,425
Charges for Services	210,445	514,488	3,570,384	4,295,317
Miscellaneous	<u>723</u>	<u>12,187</u>	<u>45,562</u>	<u>58,472</u>
Total Receipts	228,052	527,194	3,646,968	4,402,214
DISBURSEMENTS:				
Business Type Activities	116,467	551,545	3,142,505	3,810,517
Debt Service	-	66,955	492,234	559,189
Capital Outlays	<u>-</u>	<u>391,089</u>	<u>57,910</u>	<u>448,999</u>
Total Disbursements	<u>116,467</u>	<u>1,009,589</u>	<u>3,692,649</u>	<u>4,818,705</u>
Excess (Deficiency) of Receipts				
Over Disbursements	111,585	(482,395)	(45,681)	(416,491)
OTHER FINANCING SOURCES (USES):				
Proceeds of Debt	-	-	1,222,085	1,222,085
Payment to City	-	(3,000)	(113,000)	(116,000)
Sewer Fees - Net Pay Out	-	-	12,330	12,330
Contributions-In-Aid of construction	-	367,077	-	367,077
Transfers In	-	100,000	100,000	200,000
Transfers Out	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Excess (Deficiency) of Receipts and Other				
Financing Sources Over Disbursements (Uses)	111,585	(18,318)	975,734	1,069,001
Cash Balances - Beginning of Year	1,865,707	8,926	1,607,140	3,481,773
Cash Balances - End of Year	<u>\$ 1,977,292</u>	<u>\$ (9,392)</u>	<u>\$ 2,582,874</u>	<u>\$ 4,550,774</u>
CASH BASIS FUND BALANCES:				
Reserved for Debt Service	\$ -	\$ -	\$ 586,056	\$ 586,056
Unreserved -				
Designated Diesel Replacement	-	-	350,000	350,000
Designated Bond Payoff	-	-	1,267,343	1,267,343
Undesignated	<u>1,977,292</u>	<u>(9,392)</u>	<u>379,475</u>	<u>2,347,375</u>
Total Cash Basis Fund Balances	<u>\$ 1,977,292</u>	<u>\$ (9,392)</u>	<u>\$ 2,582,874</u>	<u>\$ 4,550,774</u>

See Notes to Financial Statements.

CITY OF GREENFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General -

City of Greenfield (the City) is a political subdivision of the State of Iowa located in Adair County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. In addition, the City operates an airport and sewer system and, through its components, operates a water system, electric system and public library.

B. Financial Reporting Entity -

Generally Accepted Accounting Principles (GAAP) require the City to consider if it has oversight responsibility over any other legal entities. Criteria to determine financial accountability include:

1. Appointing a voting majority of an organization's governing body,
2. The ability of the City to impose its will on that organization, or
3. The potential for the component unit to provide specific benefits to, or impose specific financial burdens on the City.

The City has considered all funds, organizations, account groups, agencies, boards, commissions and authorities as potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. For financial reporting purposes, the City of Greenfield (the primary government) has included the following component units in the City's reporting entity:

Greenfield Public Library
Greenfield Municipal Utilities

Discretely Presented Component Units -

Greenfield Public Library (Library) is governed by a seven-person board, some appointed by the City Council, and some by the County Board of Supervisors, but whose operating budget and funding is provided by the appointed City Council. The Library does not issue separate financial statements.

Greenfield Municipal Utilities (GMU) is governed by a three-person board of trustees appointed by the City Council. GMU operates water and electric utilities, which operating budgets are included in the City's overall budget. The water and electric financial statements included as part of the City's financial statements are presented on the cash basis of accounting. Financial statements for each department, on the accrual basis, are available separately.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations -

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: SICOG Project Board, Adair County Sanitary Disposal Commission, SIRWA, E911 Service Board, and Greater Greenfield Community Foundation.

C. *Basis of Presentation -*

The accompanying financial statements are presented on the basis of cash receipts and disbursements. This modified basis of accounting differs from accounting principles generally accepted in the United States. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the proprietary funds financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Government-wide Financial Statements -

The Statement of Activities and Net Assets display financial information about the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from the financial information. This financial statement distinguishes between governmental and business-type activities. Accordingly, governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely primarily on fees and charges for services.

The Statement of Activities and Net Assets presents the reporting entity's net assets in two components:

1. **Restricted Net Assets:** Result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation, and
2. **Unrestricted Net Assets:** Consist of net assets that do not meet the definition of restricted. Unrestricted net assets often have constraints (designations) on resources imposed by the City Council, which may be removed or modified at any time.

The Statement of Activities and Net Assets also demonstrates the degree to which the direct disbursements of a given program, or function, are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are presented as three types:

1. **Charges for Services:** Consist of charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function,
2. **Operating Grants and Contributions:** Consists of non-exchange revenue and interest on investments restricted to meeting the operational expenses of a particular function, and,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Grants and Contributions: Consists of non-exchange revenue and interest on investments restricted to meeting the capital requirements of a particular function.

Property tax and other items, not properly included as program receipts, are instead reported as general receipts.

Specific Program Receipts Included in General Descriptions Above -

In the Statement of Activities, cash basis revenues that are derived directly from each activity, or function, are reported as program revenue receipts. The City and Library governmental funds have the following program receipts in each activity:

Public Safety	Fine revenue and intergovernmental fire reimbursements
Public Works	Road use taxes, aviation fuel sales, hanger rents
Culture and Recreation	Swimming pool and camping fees, other recreation fees
General Government	License and permits, building expense reimbursements and miscellaneous user fees
Library	Late fees, copier fees and operational contributions of county and township funding

Program revenues for City proprietary funds and similar components are from user fees charged for the services provided to the users and all other related revenues not related to capital and noncapital financing or investing activities.

Funds Financial Statements -

The accounts of the City and its components are organized on the basis of funds, each of which is considered a separate accounting entity. The funds financial statements display information about the government by reporting major funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its receipts, disbursements and cash and investment balances. Funds are reported as either governmental or proprietary type funds. The reporting entity has no fiduciary funds. A separate fund financial statement is presented for each fund type group.

Within the governmental and proprietary type categories, emphasis is placed on major funds. A fund is considered major if its total assets and expenditures meet criteria defined by GASB 34. Alternatively, management may determine that all funds should be reported as major funds. The accompanying Funds Financial Statements report all funds as major funds, as follows:

Governmental Fund Types -

City General Fund - This fund is the operating fund of the City. All property tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. Disbursements from this fund are for all operating expenses/expenditures, fixed charges and capital improvement costs that are not paid from other funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

City Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Road Use Tax Fund, accounts for gasoline excise taxes received and restricted for road and street construction and maintenance disbursements.

Employee Benefit Fund, accounts for a special property tax levy for employer matching social security and Medicare taxes and employee group insurance.

Local Option Sales Tax (LOST) Fund, accounts for revenues from the local option tax authorized by the voters for capital improvements and maintenance disbursements, as determined by the City Council.

Tax Increment Financing Fund, accounts for incremental property taxes associated with urban renewal districts improvements and debt service.

City Debt Service Fund - This fund is used to account for property taxes and other resources collected and disbursed for payment of interest and principal on the City's general long-term debt.

City Capital Projects Fund - This fund is used to account for all expenditures associated with significant construction or improvements projects and proceeds of related interim debt. During the current year, the airport apron improvements and the public square re-construction were accounted for in the capital projects fund.

Library Special Revenue Fund (Component Unit) - This fund is used to account for all general tax and other receipts specifically for the Library. Disbursements from this fund are for all Library operating expenses/expenditures and fixed charges and capital improvement costs.

Proprietary Fund Types -

City Sewer Fund - This fund is used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of the City's wastewater and sewer systems.

Water and Electric Funds (Component Unit) - GMU operates water and electric departments which funds are used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of providing potable water and electric energy to the citizens of the City.

D. ***Measurement Focus and Basis of Accounting*** -

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The City and its Library component maintain financial records on the basis of cash receipts and disbursements and the accompanying financial statements are presented on that basis. The GMU component unit maintains its water and electric records on the accrual basis, which are converted

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to cash receipts and disbursements for inclusion in the City reporting entity. The cash basis of accounting does not give effect to accounts receivable, accounts payable, depreciation and accrued items. Accordingly, the accompanying financial statements do not present the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States.

The City and Library are not required to and do not maintain a fixed asset or infrastructure accounting record. Greenfield Municipal Utilities, for the water and electric systems, does maintain fixed asset records which information is included in their separately issued accrual financial statements.

E. *Budgets and Budgetary Accounting -*

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds and component units, except for agency, internal service and nonexpendable trust funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits of the reporting entity at June 30, 2010, were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

All members of the reporting entity are authorized by statute to invest public funds in obligations of the United States Government or any of its agencies and instrumentalities, in time deposits or savings accounts in depositories approved by the governing bodies and Treasurer of the State of Iowa, prime eligible banker's acceptances, certain high-rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies, certain joint investment trusts, and warrants or improvement certificates of drainage districts.

NOTE 3 - SPECIAL ASSESSMENTS

Special assessments for infrastructure and capital improvements for the public square were levied during 2006 and 2008 in the total amount of \$306,038 and are due in ten annual installments beginning July 1, 2006, for Phase 1 and July 1, 2008, for Phase 2. Installment payments bear interest at 5.85% per annum until delinquent and then at the same rate as delinquent local real estate taxes. As of June 30, 2010, the principal balance still due was \$88,874. During the current year, \$24,082 of collections were included as revenue in the debt service fund.

NOTE 4 - LONG-TERM DEBT

Long-term debt is segregated between amounts to be repaid from governmental activities and amounts to be repaid from proprietary activities. Outstanding debt at end of year is as follows:

Governmental -

City General Obligation Debt -

Public Square Improvement Bonds bearing interest at 3.30 to 3.90 percent (TIF District Debt)	\$ 2,185,000
-------------------------------------------------------------------------------------------------	--------------

The City has an agreement with the Greenfield Municipal Utilities, Water System, to be reimbursed from them for 14.77% of this debt related to the Water System's infrastructure included in the Public Square Improvement.

Proprietary -

GMU General Obligation Debt -

Water Department Owed to CIPCO with no interest	80,000
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Loan - City of Greenfield bearing interest at 2.94 percent	355,093
------------------------------------------------------------	---------

GMU Revenue Obligation Debt -

2001 Series Electric Notes bearing interest at 4.90 to 5.40 percent	1,235,000
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2003 Series Electric Refunding Notes bearing interest at 3.2 to 3.2 percent	130,000
--------------------------------------------------------------------------------	---------

2006 Series Electric Capital Improvement Notes bearing interest at 4.00 to 4.60 percent	990,000
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2010 Series Electric Notes bearing interest at 1.60 to 3.25 percent	1,245,000
------------------------------------------------------------------------	-----------

SIMECA Capitalized Lease bearing interest at 4.60 to 5.30 percent	810,000
----------------------------------------------------------------------	---------

Changes in all long-term obligations for the year ended June 30, 2010, are as follows:

	Balances July 1, 2009	Additions	Reductions	Balances June 30, 2010	Amounts Due Within One Year
Governmental Activities -					
Public Square Improvement Bonds	\$ 2,415,000	\$ -	\$ 230,000	\$ 2,185,000	\$ 240,000
Proprietary Activities -					
CIPCO Water	\$ 100,000	\$ -	\$ 20,000	\$ 80,000	\$ 20,000
City of Greenfield Water	369,409	-	14,316	355,093	36,870
2001 Series Electric	1,255,000	-	20,000	1,235,000	1,235,000
2003 Series Electric	255,000	-	125,000	130,000	130,000
2006 Series Electric	1,080,000	-	90,000	990,000	85,000
2010 Series Electric	-	1,245,000	-	1,245,000	-
SIMECA Lease Electric	906,000	-	96,000	810,000	100,000
	<u>\$ 3,965,409</u>	<u>\$ 1,245,000</u>	<u>\$ 365,316</u>	<u>\$ 4,845,093</u>	<u>\$ 1,606,870</u>

NOTE 4 - LONG-TERM DEBT (Continued)

Future debt service requirements to maturities of principal and interest are as follows:

Governmental Activities -

Year Ending June 30,	City General Obligation		Total Requirement
	Principal	Interest	
2011	\$ 240,000	\$ 80,358	\$ 320,358
2012	245,000	72,197	317,197
2013	255,000	63,623	318,623
2014	265,000	54,570	319,570
2015	275,000	45,030	320,030
2016	290,000	34,855	324,855
2017	300,000	23,835	323,835
2018	315,000	12,285	327,285
	<u>\$ 2,185,000</u>	<u>\$ 386,753</u>	<u>\$ 2,571,753</u>

Proprietary Activities - (including capitalized lease obligation)

Year Ending June 30,	GMU Water General Obligation		GMU Electric Revenue Obligations		Total Requirement
	Principal	Interest	Principal	Interest	
2011	\$ 56,870	\$ 10,441	\$ 1,550,000	\$ 170,651	\$ 1,787,962
2012	57,487	9,357	380,000	162,284	609,128
2013	58,800	8,255	390,000	141,133	598,188
2014	60,081	7,114	400,000	118,160	585,355
2015	41,327	5,936	420,000	93,208	560,471
2016	43,255	4,720	412,000	66,425	526,400
2017	44,376	3,448	428,000	37,816	513,640
2018	46,191	2,143	80,000	17,610	145,944
2019	26,706	785	80,000	14,070	121,561
2020	-	-	85,000	10,378	95,378
2021	-	-	90,000	6,417	96,417
2022	-	-	95,000	2,185	97,185
	<u>\$ 435,093</u>	<u>\$ 52,199</u>	<u>\$ 4,410,000</u>	<u>\$ 840,337</u>	<u>\$ 5,737,629</u>

NOTE 4 - LONG-TERM DEBT (Continued)

Resolutions providing for the issuance of the GMU revenue obligations include the following provisions:

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bondholders hold a lien on the future earnings.
- b. Sufficient cash transfers shall be made to an electric revenue bond and interest account for the purpose of making the next annual principal and interest payments when due. This account was fully funded at June 30, 2010.
- c. Additional cash transfers shall be made to an electric revenue bond reserve account until such account reaches a maximum balance of \$342,000. This amount is restricted for paying principal and interest which the bond and interest account may be unable to pay. This account was fully funded at June 30, 2010.
- d. Cash transfers shall be made to an electric improvement account until such account reaches a maximum balance of \$150,000. This account is restricted for paying for extraordinary maintenance costs, rentals, improvements, extensions or repairs to the system not included in the annual budget of revenues and current expenses, and bond principal and interest. This account was fully funded at June 30, 2010.

Information regarding the capitalized lease-purchase contract included in above total requirements is as follows:

The component, Greenfield Municipal Utilities, is the lessee of two generation units installed in its service territory under a capital lease expiring March 1, 2017. The cost of the assets acquired under this capital lease is \$1,982,548. This lease-purchase agreement is with lessor, South Iowa Municipal Electric Cooperative Association (SIMECA), in the principal amount of \$1,479,327, which is GMU's share of total revenue notes issued by lessor to fund the lease. Interest rates on the capitalized lease, which vary from 2.70 to 5.30 percent, are the same rates paid by lessor. GMU is required to deposit a monthly amount (currently \$11,000) sufficient to meet its share of the payments on the underlying debt, which payments are due semi-annually with future minimum payments as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 100,000	\$ 41,216	\$ 141,216
2012	105,000	36,466	141,466
2013	110,000	31,322	141,322
2014	115,000	25,821	140,821
2015	120,000	19,957	139,957
2016	127,000	13,717	140,717
2017	133,000	7,049	140,049
Totals	<u>\$ 810,000</u>	<u>\$ 175,548</u>	<u>\$ 985,548</u>

NOTE 5 - PENSION AND RETIREMENT BENEFITS

The City, including its components, contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits as established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the City, including its components, is required to contribute 6.65% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution, including its components, to IPERS for the years ended June 30, 2010, 2009, and 2008, was \$62,630, \$56,681, and \$52,195, respectively, which met the required contributions for each year.

NOTE 6 - DEFERRED COMPENSATION PLAN

The City, together with its components, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in a third party trust for the exclusive benefit of participants and their beneficiaries.

NOTE 7 - COMPENSATED ABSENCES

City and component employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as expenditures by the City or by its components until used or paid. The approximate liability for vested compensated absences at June 30, 2010, based on rates of pay then in effect and primarily relating to the general fund and enterprise funds, is as follows:

	City	Library	GMU	Total
Vacation	\$13,906	\$ -	\$ 23,433	\$ 37,339
Sick Leave	48,825	8,159	51,205	108,189
Personal Time	786	-	2,424	3,210
Totals	<u>\$ 63,517</u>	<u>\$ 8,159</u>	<u>\$ 77,062</u>	<u>\$148,738</u>

NOTE 8 - INTERFUND TRANSFERS

The City pays GMU for utility services used and GMU makes a contribution payment to the City. For the year ended June 30, 2010, the City received payments of \$110,000 from the GMU Electric Department. Additionally, the GMU Electric Department and the Water Department each paid \$3,000 to the City to assist with Municipal Building repairs.

NOTE 8 - INTERFUND TRANSFERS (Continued)

Transfers generally move resources from the fund statutorily required to collect the resources to the fund which may statutorily disburse the resources. Details of all transfers between funds of the primary government and between the primary government and/or its components for the current year are as follows:

From City General Fund to Library	\$ 128,308
From City Employee Benefit Fund to City General Fund	158,701
From City LOS Tax Fund to City Road Use Fund	150,000
From City Tax Increment Financing Fund to City Debt Service Fund	318,147
From City Tax Increment Financing Fund to Capital Projects for Square	53,100
From City Tax Increment Financing Fund to City Road Use Fund	<u>150,000</u>
Subtotal	958,256
Payment from GMU Electric Fund to City General Fund	113,000
Payment from GMU Water Fund to City General Fund	3,000
From GMU Electric Operating to GMU Water Operating	100,000
From GMU Electric Diesel Replacement to GMU Electric Bond Reserve	100,000
Total	<u>\$ 1,274,256</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2010, the City had business transactions with City officials totaling \$1,285.

NOTE 10 - RISK MANAGEMENT

The City of Greenfield and its components are exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks, except for loss of infrastructure, are covered by the purchase of commercial insurance. The City or its components assume liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - COMMITMENTS

The City and/or its components have the following commitments at June 30, 2010:

- A. The City has contracted with the Adair County Sanitary Disposal Commission for solid waste disposal. The contract provides for the rate to be the amount necessary to fund the City's proportionate share of the disposal commission's budgeted expenses and runs from inception, June 30, 1973, until terminated. For the year ended June 30, 2010, \$21,318 was paid pursuant to this agreement.
- B. The City has a contract with Feldhacker Contracting for street improvements in the amount of \$379,774. These improvements should be made within the next year.
- C. The City has a contract with Denco Highway Construction to make improvements to the Airport taxiway in the amount of \$119,958. These improvements should be made within the next year.

NOTE 11 - COMMITMENTS (Continued)

- D. The component, Greenfield Municipal Utilities, has a 40 year contract with Southern Iowa Rural Water Association (SIRWA) and a 10 year contract with the City of Fontanelle to provide for an agreed upon sale price potable water. The quantity provided to SIRWA and Fontanelle may be limited to 52,257,879 gallons and 20,000,000 gallons per year, respectively.
- E. Greenfield Municipal Utilities is one of twelve members of SIMECA (South Iowa Municipal Electric Cooperative Association). SIMECA is a member of Central Iowa Power Cooperative (CIPCO) and is party to a long-term (15.5 years) contract with CIPCO for the purchase and redistribution to its members electric energy. There are no minimum payments required by this contract.
- F. The Electric Utility has entered into an agreement with Ziegler Power Systems for the purchase and installation of two new generator engines for the North Power Plant at a cost of \$1,267,406. Management anticipates these engines to be placed in operation during the next fiscal year. The engines will be financed with new bonds.

NOTE 12 - BUDGET OVERSPEND

City disbursements during the year ended June 30, 2010, exceed the amount budgeted for the Public Works by \$249,733, Debt Service by \$230,000, and for Capital Projects by \$88,147.

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, the City performed an evaluation of subsequent events between June 30, 2010, and November 5, 2010, the date of issuance of the financial statements, and believes that no events have occurred that require adjustment of, or disclosure in, the financial statements.

CITY OF GREENFIELD, IOWA

SUPPLEMENTARY INFORMATION

CITY OF GREENFIELD, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Funds Actual	Proprietary Funds Actual	Net Actual	Budgeted Amounts Original	Final	Positive (Negative) Variance, Final To Net Actual
RECEIPTS:						
Property Tax	\$ 563,344	\$ -	\$ 563,344	\$ 565,023	\$ 565,023	\$ (1,679)
Tax Increment Financing Receipts	287,602	-	287,602	180,000	180,000	107,602
Other City Taxes	149,798	-	149,798	153,609	153,609	(3,811)
Licenses and Permits	4,963	-	4,963	6,600	6,600	(1,637)
Use of Money (Interest) and Property	40,524	48,425	88,949	30,000	30,000	58,949
Intergovernmental	255,391	-	255,391	337,475	337,475	(82,084)
Charges for Services	68,584	4,295,317	4,363,901	4,953,320	4,953,320	(589,419)
Special Assessments	24,083	-	24,083	18,213	18,213	5,870
Miscellaneous	30,679	58,472	89,151	25,000	25,000	64,151
Total Receipts	1,424,968	4,402,214	5,827,182	6,269,240	6,269,240	(442,058)
DISBURSEMENTS:						
Public Safety	192,716	-	192,716	353,209	353,209	160,493
Public Works	773,472	-	773,472	523,739	523,739	(249,733)
Health and Social Services	-	-	-	500	500	500
Culture and Recreation	213,164	-	213,164	265,087	265,087	51,923
Community and Economic Development	15,009	-	15,009	200,000	200,000	184,991
General Government	341,092	-	341,092	271,207	271,207	(69,885)
Debt Service	230,000	-	230,000	-	-	(230,000)
Capital Projects	88,147	-	88,147	-	-	(88,147)
Business Type Activities	-	4,818,705	4,818,705	5,773,678	5,773,678	954,973
Total Disbursements	1,853,600	4,818,705	6,672,305	7,387,420	7,387,420	715,115
Excess of Receipts Over Disbursements	(428,632)	(416,491)	(845,123)	(1,118,180)	(1,118,180)	273,057
OTHER FINANCING SOURCES (USES), NET						
Excess of Receipts and Other Financing	173,009	1,485,492	1,658,501	-	-	1,658,501
Sources (Uses), Net Over Disbursements	(255,623)	1,069,001	813,378	(1,118,180)	(1,118,180)	1,931,558
Balances - Beginning of Year	1,835,703	3,481,773	5,317,476	2,282,332	547,332	4,770,144
Balances - End of Year	\$ 1,580,080	\$ 4,550,774	\$ 6,130,854	\$ 1,164,152	\$ (570,848)	\$ 6,701,702

CITY OF GREENFIELD, IOWA

NOTES TO BUDGETARY COMPARISON SCHEDULE

In accordance with the Code of Iowa, the City Council annually adopts a cash basis budget, which includes the City's components, following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

The property tax calendar is as follows:

January 2	-Valuations set for ensuing levy
March 15	-Certified Budget to County Auditor
July 1	-Taxes levied are due and payable
October - April	-Taxes are delinquent and interest accrues at 1.5% a month from October 1 or April 1 to date of payment
	-County publishes tax sale certificate and interest accrues at 2% a month

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program transactions.

Functional disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not by fund.

Appropriations lapse at the end of each year.

Actual and final budget expenditure amounts for components included in the budgetary comparison are as follows:

	Net Actual	Final Budget
Library, included as Culture and Recreation Function	\$ 122,113	\$ 126,626
Water Department Included as Business Type Activity	1,009,589	786,940
Electric Department Included as Business Type Activity	3,905,649	4,874,360

CITY OF GREENFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

	Dates of Issue	Interest Rates	Amount Originally Issued	Balances Beginning of Year	Issued During the Year	Redeemed During the Year	Balances End of Year	Interest Paid	Interest Due and Unpaid
PRIMARY GOVERNMENT:									
General Obligation Debt -									
Public Square Improvement									
Bonds	12/15/2007	3.30-3.90%	2,470,000	\$ 2,415,000	\$ -	\$ 230,000	\$ 2,185,000	\$ 87,948	\$ -
Total Primary Government				<u>\$ 2,415,000</u>	<u>\$ -</u>	<u>\$ 230,000</u>	<u>\$ 2,185,000</u>	<u>\$ 87,948</u>	<u>\$ -</u>
COMPONENT GOVERNMENT:									
Water General Obligation Debt -									
CIPCO Rural Economic									
Development Loan	6/10/2004	0.00%	200,000	\$ 100,000	\$ -	\$ 20,000	\$ 80,000	\$ -	\$ -
Loan - City of Greenfield	7/1/08	2.94%	369,409	369,409	-	14,316	355,093	32,639	-
				<u>\$ 469,409</u>	<u>\$ -</u>	<u>\$ 34,316</u>	<u>\$ 435,093</u>	<u>\$ 32,639</u>	<u>\$ -</u>
Electric Revenue Obligation Debt -									
Revenue Notes	5/1/2001	4.80-5.40%	1,400,000	\$ 1,255,000	\$ -	\$ 20,000	\$ 1,235,000	\$ 66,175	\$ -
Refunding Notes	7/1/2003	2.70-3.20%	840,000	255,000	-	125,000	130,000	6,035	-
Capital Improvements Bonds	11/15/06	4.00-4.60%	1,220,000	1,080,000	-	90,000	990,000	44,310	-
Revenue Notes	06/09/10	1.60-3.25%	1,245,000	-	1,245,000	-	1,245,000	-	-
				<u>\$ 2,590,000</u>	<u>\$ 1,245,000</u>	<u>\$ 235,000</u>	<u>\$ 3,600,000</u>	<u>\$ 116,520</u>	<u>\$ -</u>
Electric Capitalized Lease - Purchase of Generation Units	3/1/02	2.70-5.30%	1,479,327	\$ 906,000	\$ -	\$ 96,000	\$ 810,000	\$ 45,633	\$ -
Total Component Government				<u>\$ 3,965,409</u>	<u>\$ 1,245,000</u>	<u>\$ 365,316</u>	<u>\$ 4,845,093</u>	<u>\$ 194,792</u>	<u>\$ -</u>

CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

PRIMARY GOVERNMENT:

PRIMARY GOVERNMENT:	GO T I F Debt		Total
	Public Square		Principal
	Improvement Bonds		
Date issued	December 15, 2007		
Dates Interest Payable	December 1 and June 1		
Date Callable	June 1, 2013		
Due in Year	Interest		
Ending June 30,	Rate	Principal	
2011	3.40%	\$ 240,000	\$ 240,000
2012	3.50%	245,000	245,000
2013	3.55%	255,000	255,000
2014	3.60%	265,000	265,000
2015	3.70%	275,000	275,000
2016	3.80%	290,000	290,000
2017	3.85%	300,000	300,000
2018	3.90%	315,000	315,000
Total Primary Government		\$ 2,185,000	\$ 2,185,000

CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES
PROPRIETARY FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

COMPONENT GOVERNMENT:

	General Obligation					
	Water			Water		
	June 10, 2004 No Interest			July 1, 2007 June 1		
Due in Year Ending June 30,	Interest Rate	Principal	Interest Rate	Principal	Total General Notes	
2011	-	\$ 20,000	2.94%	\$ 36,870	\$ 56,870	
2012	-	20,000	2.94%	37,487	57,487	
2013	-	20,000	2.94%	38,800	58,800	
2014	-	20,000	2.94%	40,081	60,081	
2015	-	-	2.94%	41,327	41,327	
2016	-	-	2.94%	43,255	43,255	
2017	-	-	2.94%	44,376	44,376	
2018	-	-	2.94%	46,191	46,191	
2019	-	-	2.94%	26,706	26,706	
2020	-	-	2.94%	-	-	
2021	-	-	2.94%	-	-	
2022	-	-	-	-	-	
Total Component Government		<u>\$ 80,000</u>		<u>\$ 355,093</u>	<u>\$ 435,093</u>	

PROPRIETARY FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

Lease - Purchase	Electric and Water Total	Principal
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CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS ENDED JUNE 30,**

	2010	2009	2008	2007
RECEIPTS:				
PRIMARY GOVERNMENT -				
Property Tax	\$ 563,344	\$ 557,282	\$ 515,896	\$ 541,790
TIF Revenues	287,602	259,513	206,200	195,133
Other City Taxes	149,798	192,068	167,996	162,127
Licenses and Permits	4,963	4,943	5,651	7,302
Use of Money (Interest) and Property	39,938	54,622	104,334	112,299
Intergovernmental	244,693	313,089	215,941	725,673
Charges for Services	67,035	58,112	44,525	47,390
Special Assessments	24,083	32,833	106,092	-
Miscellaneous	21,841	25,656	79,215	29,415
Totals	1,403,297	1,498,118	1,445,850	1,821,129
LIBRARY COMPONENT -				
Use of Money (Interest) and Property	586	742	1,432	2,081
Intergovernmental	10,698	9,847	9,980	9,018
Charges for Services	1,549	1,745	1,202	-
Miscellaneous	8,838	5,524	5,829	7,459
Totals	21,671	17,858	18,443	18,558
Total Government Receipts	<u>\$ 1,424,968</u>	<u>\$ 1,515,976</u>	<u>\$ 1,464,293</u>	<u>\$ 1,839,687</u>
DISBURSEMENTS:				
PRIMARY GOVERNMENT -				
Operating -				
Public Safety	\$ 192,716	\$ 413,688	\$ 172,870	\$ 210,538
Public Works	773,472	361,058	281,578	267,599
Culture and Recreation	91,051	101,663	93,386	87,398
Community and Economic Development	15,009	19,080	17,555	18,055
General Government	341,092	255,540	260,166	265,553
Debt Service	230,000	105,000	50,190	64,709
Capital Projects	88,147	133,803	2,932,314	2,662,994
Totals	1,731,487	1,389,832	3,808,059	3,576,846
LIBRARY COMPONENT -				
Culture and Recreation	122,113	115,080	120,993	114,206
Total Government Disbursements	<u>\$ 1,853,600</u>	<u>\$ 1,504,912</u>	<u>\$ 3,929,052</u>	<u>\$ 3,691,052</u>

(Continued)

CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS ENDED JUNE 30,**

	2006	2005	2004	2003
RECEIPTS:				
PRIMARY GOVERNMENT -				
Property Tax	\$ 586,508	\$ 469,793	\$ 508,575	\$ 508,953
TIF Revenues	156,844	125,951	52,981	53,915
Other City Taxes	41,747	6,792	7,685	7,334
Licenses and Permits	15,531	8,135	18,696	8,104
Use of Money (Interest) and Property	54,710	34,809	31,786	17,522
Intergovernmental	215,898	203,003	329,267	256,438
Charges for Services	53,719	50,071	61,192	57,231
Special Assessments	-	-	-	-
Miscellaneous	32,130	25,687	8,303	30,471
Totals	1,157,087	924,241	1,018,485	939,968
LIBRARY COMPONENT -				
Use of Money (Interest) and Property	1,269	516	422	492
Intergovernmental	9,002	8,629	10,789	10,812
Charges for Services	-	36	2,345	10
Miscellaneous	8,393	1,967	-	19,046
Totals	18,664	11,148	13,556	30,360
Total Government Receipts	<u>\$ 1,175,751</u>	<u>\$ 935,389</u>	<u>\$ 1,032,041</u>	<u>\$ 970,328</u>
DISBURSEMENTS:				
PRIMARY GOVERNMENT -				
Operating -				
Public Safety	\$ 173,259	\$ 208,209	\$ 181,499	\$ 204,223
Public Works	262,424	296,274	417,983	228,318
Culture and Recreation	112,134	108,943	102,669	131,484
Community and Economic Development	15,051	17,328	28,448	16,129
General Government	248,769	222,229	220,163	189,169
Debt Service	114,726	109,106	164,875	-
Capital Projects	765,230	-	-	152,599
Totals	1,691,593	962,089	1,115,637	921,922
LIBRARY COMPONENT -				
Culture and Recreation	116,574	98,449	107,137	100,028
Total Government Disbursements	<u>\$ 1,808,167</u>	<u>\$ 1,060,538</u>	<u>\$ 1,222,774</u>	<u>\$ 1,021,950</u>

Note - As GASB No. 34 was implemented for 2004, prior year amounts may not be comparable.

CITY OF GREENFIELD, IOWA

OTHER REPORTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated November 5, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Greenfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Greenfield's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part 2 of the accompanying Schedule of Findings and Questioned Costs as items 10-2A, 10-2B, and 10-2C to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greenfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters noncompliance with which could have a direct and material affect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part 3, Item 10-3B, of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and the other legal matters about the City's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Greenfield and other parties to whom the City of Greenfield may report. This report is not intended to be and should not be used by anyone other than these specified parties.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By _____
Certified Public Accountant

November 5, 2010

CITY OF GREENFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2010

PART 1: SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principals.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit disclosed no audit findings which are required to be reported in accordance with *Government Auditing Standards*.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Significant Deficiencies:

10-2A **Cash Accounts** - We commented in the prior year that a single individual prepares checks, reconciles bank accounts and maintains the general ledger. Recording of receipts and writing and recording payroll are performed by a different employee. To the extent possible, duties should be segregated to serve as a check and balance for identifying errors, to eliminate errors in the monthly financial reports, and to maintain the best control system possible. A primary control procedure is the regular reconciliation of all cash accounts.

The City of Greenfield shares a pooled checking account, savings account and multiple certificates of deposit to manage its cash. The component, Greenfield Municipal Utilities, also uses a pooled cash arrangement. In both entities, self-balancing individual funds are used for accounting purposes to track how each fund shares in each separate pooled cash account. An integral part of the regular bank account reconciliation is verifying each fund's share in the overall cash balance. The records indicated that some City and Greenfield Municipal Utilities bank account reconciliations were not timely.

Recommendation - All cash accounts should be reconciled timely and regularly. Further, alternating the reconciliations between two employees would increase the overall control. We also recommend the governing board be provided a monthly cash report which would show the total cash in each bank account and the amount of each fund's share in the overall pooled balance in checking, savings or certificates of deposit.

Response - This situation has improved from previous years and will continue to improve as more experience is acquired with regular use of the software and a more comprehensive understanding of accounting procedures.

Conclusion - Response accepted.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

10-2B *Accurate Financial Reports* - We noted in the prior year that various accounting and reporting processes are delayed. Specifically, for the component, Greenfield Municipal Utilities, the vendor accounts payable, SIMECA Payable, and Sewer fee collection payable need to be reconciled to the general ledger monthly and the debt payments need to be charged to the proper fund. During the current year, we noted that financial reports are now timely, but some not yet accurate for these accruals. City financial reports were generally timely and accurate for actual transactions, but budget information used in the financial reports did not agree with the adopted budgets in all line-item instances.

Lack of having correct financial information can impact management's ability to effectively maintain oversight of an organization. Critical areas such as financial analysis, budgetary control, cash flow, and compliance with various statutes can all be negatively impacted. Further, we believe that the lack of accurate management reports removes the important control function of management oversight necessary with limited segregation of duties. Although this problem did improve during the current year, it is not resolved to the extent to not continue this comment this year.

Recommendation - We strongly suggest that whatever steps necessary be taken to ensure that the board receives accurate financial information on a regular basis. Specifically, accrual and payable accounts need to be verified and reconciled monthly. We further recommend that the reports be developed to come from the new software. This may require changing some work flow procedures or additional training on the new software. Once the reporting process is up to date, every effort must be made to maintain that status.

Response - With the relatively new accounting software and the Office Manager/City Clerk having limited experience in this type of environment, she may be overburdened producing management financial reports, understanding the governmental accounting practices specific to the governmental environment and performing her duties as City Clerk. Management believes this situation will continue to improve as more experience is acquired with daily use of the accounting software and further knowledge is gained of the governmental environment.

Conclusion - Response accepted.

10-2C *Prior Year Findings* - In the prior year, we commented on the timeliness of bank account reconciliations and of preparing financial statements. Notwithstanding comments above, timeliness in these two areas is much better than in the prior year. In addition, we commented about accurate account posting and account coding, and timely remittance to the City by the electric department of sewer fees collect for the City. Our audit disclosed no continuing findings in these two additional areas.

Instances of Non-Compliance:

See Item 10-3B of Part 3 regarding budget overspends.

PART 3: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- 10-3A **Official Depositories** - A resolution naming depositories for funds of the City, Library, and Greenfield Municipal Utilities has been approved by the City of Council or Boards of Trustees. The maximum deposit amounts stated in the resolution were not exceeded during the year. The depositories named and maximum deposit amounts authorized are as follows:

First National Bank	\$ 4,000,000
Union State Bank	4,000,000

- 10-3B **Certified Budget** - City disbursements during the year ended June 30, 2010, exceed the amount budgeted for the Debt Service by \$230,000, for Capital Projects by \$87,948. The excess expenditures in debt service were budgeted in as transfers out of another fund. The excess expenditures in capital projects were the final expenses connected with the Public Square project approved and started in a previous year. A budgetary comparison schedule is presented on a separate page in another section of this overall report.
- 10-3C **Clerks Report** - The City clerk did not file the clerks report with the State Auditor by the December 1 Due date.
- 10-3C **Questionable Disbursements** - No expenditures that we believe would constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979, were discovered during our audit.
- 10-3D **Travel Expense** - No expenditures for travel expenses of spouses of officials or employees were discovered during our audit.
- 10-3E **Business Transactions** - No business transactions between officials of the City, Library, or Greenfield Municipal Utilities were discovered by our audit that were other than immaterial and met the guidelines of the Code of Iowa.
- 10-3F **Bond Coverage** - Surety bond coverage of officials and employees is in accordance with statutory provisions. However, we recommend the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations. A listing of Officials and bond coverage amounts is presented on a separate page in another section of this overall report.
- 10-3G **Minutes** - No transactions were found that we believe should have been approved in the minutes, but were not. The minutes were published within the 15 days required by Chapter 372.13(6) of the Code of Iowa. However, total receipts were not included in the minutes.

PART 3: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (Continued):

- 10-3H **Deposits and Investments** - Officials of the City, Library, or Greenfield Municipal Utilities have adopted a written investment policy statement as required by Chapter 12B.10B of the Code of Iowa and no instances of noncompliance were noted by our audit procedures.